



500 Spruce Tree Centre  
1600 University Avenue West  
St. Paul, Minnesota 55104-3825 USA  
651.603.7700 Fax: 651.603.7795  
www.imagesensing.com

## **NEWS RELEASE**

**Contacts: Craig A. Anderson, Vice President Marketing & Technical Services  
Image Sensing Systems, Inc. Phone: 651.603.7700**

### **FOR IMMEDIATE RELEASE**

## **Flow Traffic Ltd. completes delivery for Seoul Dongbu Expressway Project**

**Saint Paul, Minn., August 25, 2006**--Image Sensing Systems, Inc. (ISS) (NASDAQ Small Cap: ISNS) announced today that subsidiary Flow Traffic Ltd. supplied equipment in the second quarter for the installation of 192 Autoscope RackVision video detection systems in Seoul, South Korea. Flow Traffic's local distributor, Kotlis, is currently performing the installation of the Autoscope systems in the Seoul Traffic Management Center. The Autoscope systems measure and report traffic speeds and traffic volume in the capital city of South Korea. With this data, the city calculates journey times and displays the information to motorists.

This project follows a delivery of 235 Autoscope RackVision systems to the Korean Highway Corporation that were installed on rural highways. Combining the two projects brings the 2006 year-to-date total to 427 Autoscope Systems. Image Sensing Systems and its partners have supplied Autoscope systems to South Korea since 1996, when the first video detection project was installed on the Olympic Highway.

Johan Billow, Managing Director of Flow Traffic Ltd., said today, "We are proud to continue our history of successes in Korea with this recent installation. This project strengthens ISS' presence in the market even further and shows South Korea's commitment to high quality video detection and incident management."

Jim Murdakes, CEO of ISS, commented "This current project in Seoul along with the recent installation for the Korean Highway Corporation demonstrates our commitment to the South Korean market. Our distributors and partners continue to provide excellent local sales and technical support, positioning ISS for future projects in the region."

Headquartered in St. Paul, Minnesota, Image Sensing Systems, Inc. combines expertise in image processing, hardware and software engineering, and communications to develop video vehicle detection systems for traffic management and control applications. The Autoscope vehicle detection system is the world leader in video detection for advanced traffic management systems for highways, tunnel incident detection, intersection control and traffic data collection. The Autoscope system provides traffic managers the means to reduce roadway congestion, improve roadway planning and improve cost efficiencies. [www.imagesensing.com](http://www.imagesensing.com)

**Safe Harbor Statement:** Statements made in this release concerning the Company's or management's intentions, expectations, or predictions about future results or events are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's current expectations or beliefs, and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Factors that could produce such a variation include, but are not limited to, the following: the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond the Company's control; developments in the demand for the Company's products and services; relationships with the Company's major customers and suppliers; unanticipated delays, costs and expenses inherent in the development and marketing of new products and services; the impact of governmental laws and regulations; and competitive factors. Our forward-looking statements speak only as of the time made, and we assume no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the Company's current expectations are contained in the Company's Form 10-KSB for the year ended December 31, 2005.

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